



**FBD Holdings PLC**  
**19 November 2009**

## **INTERIM MANAGEMENT STATEMENT**

FBD Holdings plc ('FBD' or the 'Group') issues the following Interim Management Statement covering the period from 1 July 2009 to date.

### **Business Overview**

In challenging market conditions, FBD has maintained a solid trading performance and delivered operating profits in the second half of 2009 to date.

### **Underwriting**

Insurable risk across the Irish insurance industry continues to decline in line with the level of economic activity and consumer spending. Market rate increases have continued in the second half of 2009 to date, compensating for some of the fall in market volumes and cover.

Market rates are approaching, but have not yet reached, levels at which it is appropriate for FBD to seek to grow business volumes. Therefore, the Group has continued to prioritise underwriting discipline over volume growth. FBD estimates that its market share year to date is similar to that of last year. The decline in premium in the second half has moderated relative to that recorded in the first half. The pricing environment will be kept under constant review.

FBD has continued to deliver progress on its initiatives to increase penetration of the Dublin and large urban markets. Initiatives to grow commercial lines are underway via the direct sales force and through intermediaries. NoNonsense.ie and fbd.ie (our personal lines online offerings) continue to attract a higher proportion of customers from Dublin and other urban centres, outperforming the market year to date. In September, FBD launched an on-line insurance renewal facility on [www.fbd.ie](http://www.fbd.ie), which has improved both customer service and efficiency. Take-up to date is ahead of expectations.

Ireland continues to experience a reduction in the number of road accidents and deaths, resulting in lower frequency of motor injury claims. The Group's loss ratio has improved in the second half of 2009 to date and there is a continuing improvement in the underlying loss ratio (excluding claims that are exceptionally large or weather related). The loss ratio also benefited from the Group's timely action on rates and its initiatives to reduce the cost of claims.

Net operating expenses for the second half of 2009 to date are within budget and lower than the first half of the year. The Group has continued to implement initiatives to control costs. FBD has completed the realignment of its local office network in response to changing customer behaviour and to enable local offices to focus on farming and commercial customers. The Group's lower cost ratio provides a maintainable competitive advantage that delivers better value premiums to customers and allows profitable market share growth.

## **Non-Underwriting**

In very challenging market conditions, FBD's property and leisure businesses in Ireland and Spain have delivered operating profits and cash flows in the second half of 2009 to date. Over-supply in the marketplace is the key challenge facing the property and leisure businesses in Ireland and market capacity needs to reduce to match falling customer demand. Sunset Beach resort performed particularly strongly. New marketing and sales initiatives and operational cost efficiencies continue to be identified and implemented to achieve targets.

FBD's financial services businesses continued to deliver solid performances in difficult market environments. These businesses have proactively managed their cost structures to reflect the economic environment.

## **Financial Position**

The Group continues to have a strong capital base and balance sheet and a prudent reserving strategy. The board is committed to maintaining strong solvency and liquidity margins.

The Group's property assets were independently valued by professional external valuers at 30 June 2009 and the results incorporated into the 2009 Half Yearly Report. A similar valuation process will be undertaken at 31 December 2009.

## **Outlook**

Barring exceptional claims events during the remainder of the year, the Group is confident that full year operating earnings per share will be ahead of the current mean expectation of broker forecasts\*.

FBD Insurance will focus on profitable growth, maintaining underwriting discipline and constantly evolving its business to reflect customers' needs. The Group will continue to implement its plans to increase penetration of key urban markets, in particular Dublin. Further opportunities to enhance its cost advantage will be identified and implemented.

The Group expects to deliver operating profits in both its underwriting and non-underwriting businesses in 2009 and is confident that it is well positioned to deliver profitable growth and superior returns to shareholders going forward.

\* An FBD survey of the forecasts of the six analysts who cover the Group indicates a mean operating earnings per share for 2009 of 86 cent per share (a range of 63 cent to 104 cent per share).

**For Reference  
FBD**

Andrew Langford, Group Chief Executive  
Cathal O'Caoimh, Group Finance Director

**Telephone**

+ 353 1 409 3208  
+ 353 1 409 3208

**Murray Consultants**

Joe Murray

+ 353 1 498 0300

FBD Holdings plc, FBD House, Bluebell, Dublin 12, Ireland.  
Registered in Dublin, Ireland. Registered Number 135882.

**FORWARD LOOKING STATEMENTS**

Some statements in this announcement are forward-looking. They represent expectations for the Group's business, and involve risks and uncertainties. These forward-looking statements are based on current expectations and projections about future events. The Group believes that current expectations and assumptions with respect to these forward-looking statements are reasonable. However, because they involve known and unknown risks, uncertainties and other factors, which are in some cases beyond the Group's control, actual results or performance may differ materially from those expressed or implied by such forward-looking statements.